



# Department of Justice

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Southern District of Ohio

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## **SUPERSEDING INDICTMENT CHARGES FORMER EXECUTIVES OF HEALTH CARE FINANCING COMPANY WITH CONSPIRACY, FRAUD, MONEY LAUNDERING**

COLUMBUS – A federal grand jury here today returned a superseding indictment charging eight former executives of National Century Financial Enterprises (NCFE) with conspiring to defraud investors by diverting millions of dollars in investors' funds, fabricating data in investor reports, and moving money back and forth between accounts in order to conceal investor fund shortfalls. NCFE, based in Dublin, Ohio, was one of the largest healthcare finance companies in the United States until it filed for bankruptcy in November, 2002.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio, J. Mark Batts, Acting Special Agent in Charge, Federal Bureau of Investigation, Cincinnati Field Division; Gerald A. O'Farrell, Assistant Inspector in Charge, U.S. Postal Inspection Service; Jose Gonzalez, Special Agent in Charge, Internal Revenue Service Criminal Investigation, and Brian M. Moskowitz, Special Agent-in-Charge of the U.S. Immigration and Customs Enforcement (ICE) Office of Investigations in Detroit announced the superseding indictment.

The 27-count indictment alleges conspiracy, securities fraud, wire fraud, money laundering, and money laundering conspiracy. The indictment also seeks \$1.9 billion in forfeiture of property representing the proceeds of the conspiracy.

Named in the indictment are:

\* **Lance K. Poulsen**, of Port Charlotte, Florida. Poulsen served as President, Chairman, Chief Executive Officer and an owner of NCFE.

\* **Donald H. Ayers**, of Fort Myers, Florida, was the Vice Chairman, Chief Operating Officer, Director and an owner of NCFE.

\* **Rebecca S. Parrett**, now in Carefree, Arizona, was the Vice Chairman, Secretary, Treasurer, Director and an owner of NCFE.

\* **Randolph H. Speer**, now residing in Peachtree City, Georgia, was NCFE's Chief Financial Officer.

\* **Roger S. Faulkenberry**, now residing in Dublin, Ohio, was responsible for raising money from investors through the sale of notes.

\* **Jon A. Beacham**, now residing in Grosse Pointe, Michigan, was also responsible for raising money from investors through the sale of notes.

\* **James E. Dierker**, now residing in Powell, Ohio, was Associate Director of Marketing and later Vice President of Client Development at NCFE.

\* **James K. Happ**, of Palm Beach Gardens, Florida, was a Certified Public Accountant, Vice President of Servicer Operations and later Executive Vice President for Servicer Operations.

NCFE funded healthcare providers by purchasing their accounts receivable, then providing them with cash they could use to pay operating expenses right away. NCFE raised funds by selling asset-backed notes to institutional investors. Investors received regular interest payments and a lump-sum payment when the notes were retired.

The indictment alleges that the defendants sold notes to investors with an aggregate value of \$4.4 billion between May, 1998 and May, 2001.

The indictment alleges that instead of investing the funds in the purchase of high quality accounts receivable as promised, the defendants diverted the funds to healthcare providers, many of whom they owned in whole or in part, creating shortfalls in account balances. They allegedly fabricated data in investor reports, double-counted money by moving it back and forth between funds, made other false statements, and loaded false data into the accounting system in order to conceal the shortfalls.

The indictment alleges that the defendants created a false and misleading picture of NCFE as a healthy, growing company in order to boost their own salaries and income.

The maximum penalty for each count of money laundering, money laundering conspiracy and wire fraud is 20 years imprisonment and a \$500,000 fine. The conspiracy to violate statutes of the United States count and securities fraud counts carries a maximum penalty of five years imprisonment and a \$250,000 fine.

All defendants, except for Happ, were initially indicted in May, 2006. United States District Judge Algenon L. Marbley will preside over the case which is scheduled for trial on November 5, 2007. The government does not anticipate that this superseding indictment will delay the trial.

“Large and small investors should have clear and accurate pictures of a company’s financial performance,” Lockhart said. “Today’s superseding indictment seeks to hold another individual accountable for his role in the case and streamlines the charges against the previously indicted defendants.”

Lockhart commended the cooperative investigation by the agents and inspectors of the FBI, U.S. Postal Inspection Service, IRS Criminal Investigation, and ICE. He further commended Assistant U.S. Attorneys Dale E. Williams, Jr., and Doug Squires, as well as Trial Attorneys Leo Wise and Jeffrey A. Neiman, U.S. Department of Justice, Criminal Division, Fraud Section, who are prosecuting the case.

An indictment is merely an accusation. All defendants are presumed innocent of the charges and it is the government's burden to prove a defendant's guilt beyond a reasonable doubt at trial.

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